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Report Highlights:

China's aquatic production is estimated to reach 51 MMT during 2005, an increase of four percent from 2004, and is expected to continue growing in 2006, largely attributed to the expansion of aquaculture. Driven by "processing trade" and exports of cultured aquatic products, China's aquatic product trade surplus is estimated to reach \$4.5 billion for 2005, with imports valued at \$3.5 billion and exports \$8 billion. Imported natural, high quality seafood is increasingly popular among the diversifying diet of China's expanding numbers of middle-class consumers.

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Executive Summary

China's aquatic production continues to grow and is estimated to reach 51 million metric tons (MMT) during 2005, up by four percent from 2004. This growth rate is expected to continue into 2006. Growing domestic consumption as a result of increased disposable incomes, together with strong exports, is driving expansion of the aquaculture sector. This sector accounted for 67 percent of China's total aquatic production in 2005. Freshwater and seawater culture production both increased by 6.6 percent and 5.5 percent, respectively, in 2004, and will both grow in 2005. Catch production remains stagnant, despite moderate catch production in public seawater. The production growth rate is expected to slow because of constraints of further expansion of culture area and environmental concerns, coupled with an unlikely recovery of sea catch in China's intra-coastal waters.

Despite a slight drop in consumption in 2004 due to increased prices, per capita consumption of aquatic products is expected to rise in 2005 because of increased incomes and a forecast reduction in poultry product consumption due to outbreaks of avian influenza. Although cultured carp remains favorite seafood, consumers are diversifying their seafood diet with different aquatic products including imported natural and high quality seafood.

China's aquatic products trade outlook is especially strong. The trade surplus is estimated to exceed \$4 billion for 2005, with imports valued at about \$3.5 billion, and exports at \$8 billion. The strong trade is attributed to the rapid expansion of "processing trade", in addition to surged exports of cultured products. This is likely to continue in 2006 as China's policy favors development of "processing trade" and policies of "advantageous aquaculture production" including Tilapia, shrimps/prawns, eel and yellow croaker. Imports from the United States are estimated at \$370 million for 2005, up by 50 percent over 2004, making the United States the second largest aquatic product exporter to China.

Except for imported seafood utilized by the processing sector, the market for other high quality U.S. seafood remains promising. In general, China's trade policy picture during 2005 remained unchanged. However, U.S. exporters should consult regulatory with Chinese importers for specific regulatory procedures.

Production

Aquatic production increased due to continued growth of aquaculture

China's aquatic production continues to grow and is estimated to reach 51 million metric tons (MMT) in 2005, up by about 4 percent over 2004. The growth trend is expected to continue in 2006. Total aquatic production for 2004 was 49 MMT, up by 4.2 percent over the year before, while production for 2005 is not yet available. Industry sources, however, forecast the production growth rate the remain the same in 2005.

The continued production growth is attributed to the expansion of aquaculture, which is estimated to account for 67 percent of total aquatic production during 2005. China's annual growth rate averaged 5.3 percent from 2001 to 2004 based on China's Fisheries Yearbook. The total 32.0 MMT of cultured production accounted for 65.5 percent of the total aquatic production for 2004. Freshwater and seawater culture production both increased in 2004, up by 6.6 percent and 5.1 percent, respectively. Catch production, however, declined by 0.8 percent for internal seawater and down by 1.7 percent for freshwater in 2004. MOA reported that in the first nine months of 2005, aquatic production increased by 3.9 percent over the corresponding period of 2004; fresh water and seawater culture production grew by 6 percent and 4.9 percent, respectively, despite a 0.04 percent drop of sea catch.

China remains the world's largest aquaculture producer, and aquatic production growth is attributable to the country's rapid economic growth, rising disposable incomes and greater consumption of aquatic products, together with strong growth of aquatic exports.

Table 1 China's Aquatic Production (Unit: Metric Ton)

Category	2001	2002	2003	2004	2005*
Total Aquatic Production	43,820,987	45,651,790	47,061,064	49,017,671	51,000,000
-Seawater Aquatic Production	25,721,467	26,463,371	26,856,182	27,677,907	NA
--Seawater Catch	14,406,144	14,334,934	14,323,121	14,510,858	NA
--Seawater Culture	11,315,323	12,128,437	12,533,000	13,167,049	14,000,000
-Freshwater Aquatic Production	18,099,520	19,188,419	20,204,882	21,339,764	NA
--Freshwater Catch	2,149,923	2,247,926	2,462,148	3,419,792	NA
--Freshwater Culture	15,949,588	16,940,493	17,742,734	18,919,972	20,000,000

Source: Ministry of Agriculture Yearbooks; 2005* Estimated by FAS/Beijing

Carp is still the most common freshwater fish cultured with total production at 11.6 MMT for 2004, up by about 5 percent over 2003. Other cultured categories also grew such as Tilapia production at 897,276 MT for 2004, up by 11 percent over 2003; total shrimps/prawns production reached 895,187 MT, up 17.7 percent as compared to 2003; eel production increased to 178,176 MT, up by 10.5 percent over 2003; catfish production, though small, grew sharply to 62,618 MT, or up by 37.5 percent.

Shellfish was the major seawater cultured fish with total production of more than 10.2 MMT, accounting for 77.3 percent of the total 13.2 MMT of seawater culture production for 2004. This situation is likely to continue in 2005.

Industry sources estimate the culture production will continue growing in 2005 and beyond, in particular, export-oriented cultured products, including shrimps and prawns, eel, tilapia and algae.

Table 2 China's Aquatic Catch and Culture by Area Volume (Unit: Metric Ton)

Category	2001	2002	2003	2004	2005*
Total Aquatic Production	43,820,987	45,651,790	47,061,064	49,017,671	51,000,000
-Aquatic Catch	16,556,067	16,582,860	16,785,269	16,930,650	17,000,000
--Seawater Catch	14,406,144	14,334,934	14,323,121	14,510,858	NA
---Bohai Gulf	1,374,114	1,329,807	1,314,064	1,251,716	NA
---Yellow Sea	3,215,401	3,154,883	3,000,281	3,171,236	NA
---East China Sea	5,397,899	5,144,434	4,980,583	4,967,374	NA
---South China Sea	3,580,176	3,587,517	3,703,562	3,604,032	NA
---Other Territorial Seas	838,554	1,118,293	1,324,631	1,516,500	NA
---Internal Waters	9,380,856	9,244,261	NA	NA	NA
---External Waters	5,025,288	5,090,673	NA	NA	NA
--Freshwater Catch	2,149,923	2,247,926	2,462,148	2,419,792	NA
-Aquatic Culture	27,264,911	29,068,930	30,275,795	32,087,021	34,000,000
--Seawater Culture	11,315,323	12,128,437	12,533,061	13,167,049	14,000,000
--Freshwater Culture	15,949,588	16,940,493	17,742,734	18,919,972	20,000,000

Source: Ministry of Agriculture Yearbooks; 2005* Estimated by FAS/Beijing

Table 3 China's Seawater and Freshwater Aquatic Production by Category (Unit: Metric Ton)

Category	2001	2002	2003	2004	2005*
Seawater Fish	10,127,081	10,205,250	10,250,563	10,172,677	NA
Seawater Shrimp, Prawn, and Crab	3,022,022	3,098,010	2,980,610	3,124,022	NA

Seawater Shellfish	10,822,374	11,324,345	10,659,370	11,094,019	NA
Seawater Algae	1,241,497	1,331,395	1,413,128	1,505,216	NA
Seawater Other	508,493	504,371	1,552,511	1,781,973	NA
Freshwater Fish	16,304,522	17,101,773	17,941,904	18,934,217	NA
Freshwater Shrimp, Prawn, and Crab	1,001,479	1,226,398	1,389,270	1,533,884	NA
Freshwater Shellfish	529,645	551,021	537,496	534,581	NA
Freshwater Algae	NA	NA	6,055	4,666	NA
Freshwater Other	263,874	309,227	332,416	330,157	NA
Source: Ministry of Agriculture Yearbooks; 2005* Estimated by FAS/Beijing					

Except the steady production growth, the economic efficiency for the sector in 2004 was reportedly improved with total output of \$46 billion, up by 14.2 percent over 2003. The advantageous producing regions for major products have already taken shape. In Liaoning and Shandong, the shellfish culture area amounted to 52 percent of the total; eel production concentrated in Fujian, Guangdong and Jiangxi; tilapia production for Guangdong, Guangxia and Hainan accounted for more than 76 percent of the total; about 43 percent of the prawns were produced in Guangdong; and yellow croaker production in Zhejiang and Fujian also developed rapidly.

Aquatic catch production remains stagnant

Both seawater and freshwater catch dropped in 2004. Seawater catch declined by 0.8 percent--if excluding the catch in other territorial seas--while freshwater catch was down by 1.7 percent. According to MOA, the seawater catch in other territorial seas for 2004 reached 1.5 MMT, a 13.6 percent increase over 2003. Industry sources forecast 2005 could be similar or slightly higher. The catch production in China's seawater for 2005 is estimated at 13 MMT, similar to that of 2004.

Culture area expansion expected to slow down

Total culture area reached 7.28 million hectares (MHA) for 2004, up by 2.5 percent over 2003. Seawater culture area maintained relatively high growth rate at 5.6 percent, however, much lower than the 13.9 percent recorded in 2003. According to MOA, though governments at various levels continue to support the development of aquaculture in advantageous regions as a means to raise farmer's income, the priority has been shifted to increase of productivity and efficiency, rather than expanding area blindly. This is particular true in seawater culture, as over exploitation of marine resources has already resulted in damage to the marine eco-system. State Environmental Protection Administration reported, despite some progress, seawater quality in some regions deteriorated due to pollution resulted from other industry in 2005. It appears the culture area increase in 2005 will slow down.

Table 4 China's Aquaculture Area Resources (Unit: Hectares)

Year	Total	Freshwater	Seawater
2005	NA	NA	NA
2004	7,281,252	5,663,800	1,617,452
2003	7,103,648	5,571,496	1,532,152
2002	6,814,637	5,469,883	1,344,754
2001	6,648,760	5,362,302	1,286,458

Table 5 China's Seawater Aquaculture Area Resources (Unit: Hectares)

Area	2004 Total	Fish	Shrimp/Prawn	Crab	Shellfish	Algae	Other

Total	1,617,452	78,437	246,600	73,125	991,585	92,239	135,466
Tianjin	5,361	662	3,252	975	0	0	472
Hebei	81,733	4,865	21,307	1,266	52,071	0	2,224
Liaoning	407,356	5,696	24,638	1,568	313,788	13,445	48,221
Shanghai	350	10	337	3	0	0	
Jiangsu	166,280	4,015	18,096	8,368	122,904	12,148	749
Zhejiang	118,285	6,960	19,659	18,612	63,165	9,218	671
Fujian	147,494	8,935	16,103	6,775	85,109	30,025	547
Shandong	389,568	9,112	62,381	17,740	206,882	22,312	71,141
Guangdong	221,247	35,638	50,801	14,918	109,522	2,880	7,488
Guangxi	62,061	1,555	18,730	1,573	36,246	34	3,923
Hainan	17,717	989	11,296	1,327	1,898	2,177	30

Source: Ministry of Agriculture Yearbooks

Table 6 China's Inland Fish Breeding Area Resources (Unit: Hectares)

Year	Total	Pond	Lake	Reservoir	Stream	Others
2005	NA	NA	NA	NA	NA	NA
2004	5,663,800	2,429,479	939,667	1,689,623	377,432	227,599
2003	5,571,496	2,398,740	936,262	1,660,027	382,170	194,297
2002	5,469,883	2,356,842	873,936	1,643,984	382,532	212,589
2001	5,362,302	2,286,079	874,854	1,630,517	392,420	178,432
2000	5,277,732	2,219,976	894,861	1,620,978	378,097	163,820
1999	5,196,241	2,145,112	910,966	1,610,842	375,156	154,165

Source: Ministry of Agriculture Yearbooks

Aquatic processing capacity grows as a result of booming "Processing Trade"

MOA reported that the number of processing facilities in 2004 reached 8,745, up by 458 from the previous year; aquatic processing capacity reached 14.2 MMT, up by 9.3 percent; actual processed volume was 10.3 MMT, increased by 13.2 percent; frozen aquatic products and frozen processed products accounted for 51.4 percent of the total processed volume. Processing trade developed rapidly in 2004, accounting for 37 percent of total value of aquatic product export, with export volume and value up by 18 percent and 33 percent, respectively over 2003. In the first five months of 2005, processing trade took a 42 percent share of the total aquatic export value. Currently, a serious problem is an increasing shortage of raw materials due to a global decline in sea catch and price rises. Industry sources, however, expect the growing trend will continue in 2005 and 2006, mainly because of the tariff and Value Added Tax (VAT)-free policies, together with the strong competitiveness in labor costs. The "Processing Trade" is said to concentrate in Shandong and Liaoning, whereas the general processing facilities are scattered along the coastal provinces. In an effort to upgrade the industry, in 2004, MOA named six aquatic processing demonstration bases in leading-producing regions, namely Linghuai/Jiangsu; Zhangzhou/Fujian, Yantai/Shandong; Zhanjiang/Guangdong; Zhoushan and Ningbo/Zhejiang.

Consumption

China's per capita aquatic product consumption for 2005 is expected to pick up again from the slightly declined consumption of 2004. Based on the National Statistics Bureau (NSB), per capita consumption for urban dwellers was 12.5 Kg, down by 0.9 Kg from 2003, while for rural people it was 4.5 Kg, down by 0.2 Kg. As consumption continued growing for several years up to 2003, the decline in 2004 appears unexpected. In general, China's MOA opined

that NSB's data may underestimate the per capita consumption due to the complexity of consumption pattern and data collection. The relevant analysis reports regarding the per capita consumption fall in 2004 are hardly seen. Increased aquatic product prices for aquatic products might restrict people's purchasing power, as MOA reported price increased by 13 percent in 2004 in comparison to 2003. Rural consumption is equivalent to about one third of urban. In the long term, consumption is expected to grow steadily. In 2005, because of the reduced consumption of poultry products due to the outbreak of Avian Influenza, together with a stable price for aquatic products, the per capita aquatic product consumption is estimated to grow. Industry sources reported that price for freshwater products remained stable in general in the first three quarters of 2005. The prices for seawater products, however, increased, with shellfish up by 6.5 percent and mollusks up by 19.3 percent, as compared to the corresponding period of 2004.

Table 7 China's per capita consumption of protein (kg)

Per Capita Consumption Trends for Aquatic Products					
	2001	2002	2003*	2004**	2005
Urban	12.3	13.2	13.4	12.5	NA
Rural	4.1	4.4	4.7	4.5	NA
Per Capita Consumption Trends for Pork, Beef, and Lamb					
Urban	19.2	23.3	23.7	22.9	NA
Rural	14.5	14.5	15	14.8	NA
* Urban Population of 523.76 million. Rural Population of 768.51 million.** Urban Population of 542.83 million. Rural Population of 757.05 million. Source: 2005 China Statistical Abstract pages 39, 106, and 111					

The per capita consumption of aquatic products in coastal provinces is higher than others. The high level of disposable income tends to affect consumption as well. Table 8 listed the top ten provinces/municipalities, which had the most expenditure on aquatic products in 2004. Clearly, they are either located in coastal region or ranked high in disposal income. Consumption is also related to the diet tradition, as people in western provinces prefer other meats. Most Chinese consumers are still price sensitive when purchasing aquatic products. Freshwater cultured products such as carp and shrimps/prawns etc are popular for consumption at home and restaurants due to its cheap price and freshness; seawater products including yellow croaker and ribbonfish continued to be favorites to most people in North China. High quality imported seafood such as lobster, geoducks, salmon and crab, however, are widely used by hotels and restaurants. Along with the increased mid-class in large cities and coastal economy booming regions, the potential for these products remain promising as these family select a more diversified diet. A typical example is the surged salmon imports in 2005, estimated to exceed \$170 million, up by 34 percent over 2004. Imports as of the end of October 2005, approximated \$151 million. The United States became the largest supplier.

Table 8 2004 top ten aquatic product expenditure per capita and disposal income

Region	Aquatic Product Expenditure Rank	Aquatic Product Expenditure RMB Value	Disposable Income Rank	Disposable Income Value
Fujian	1	588.42	6	11,175
Shanghai	2	564.55	1	16,682
Zhejiang	3	499.77	3	14,546
Hainan	4	385.06	21	7,735
Guangdong	5	382.58	4	13,627
Tianjin	6	277.42	5	11,467

Jiangsu	7	263.52	7	19,481
Liaoning	8	206.05	16	8,007
Guangxi	9	177.66	12	8,690
Beijing	10	165.2	2	15,637
Nationwide Average	NA	178.06	NA	9,421
Source: 2005 China Statistical Yearbook Table 10/15,10/16				

When purchasing aquatic products, Chinese consumers tend prefer live products to fresh and fresh products to frozen products. Most restaurants keep "fish tanks" that allow customers to choose their own fish, shrimp, crab and others when dining out; so do most wet markets and some supermarkets thus people can buy live aquatic products. This tradition, however, appears to be influenced by the increasing fast-paced life in cities; many families prefer ready-to-cook aquatic products to save time. Therefore these products, including processed fish, shellfish, mollusks and shrimps/prawns, are gradually popular in hypermarkets in large cities.

Trade

China's aquatic products trade outlook is especially strong

The seafood trade surplus is estimated to exceed \$4 billion for 2005, with imports valued at about \$3.5 billion, and exports at \$8 billion, representing a 25 percent increase over 2004. The export growth rate averaged 16 percent per year between 2001 and 2005. The rapid expansion of "Processing Trade", in addition to the surged exports of cultured products contributed to the strong exports.

Imports grew mainly driven by "Processing Trade"

China's total aquatic product imports are estimated to exceed 1.9 MMT for 2005, up by 10 percent over 2004, with import value at about \$3.5 billion. Growth rate slowed down, however, as compared to 2004. According to MOA, "Processing Trade" accounted for 37 percent of all export value in 2004, and this rose to 41 percent in the first ten months of 2005. It is likely that the aquatic imports will grow, partially because the "Processing Trade" will continue to expand in the foreseeable future, as the government policy favors development of the industry, which absorb abundant labor force, and the leftover can also be utilized. Import categories are characterized by rapid increased of frozen fish (HS 0303) and stable to decline of others including Crustaceans, Mollusks. Russia is expected to continue to top of the list of origins of China's Aquatic product imports for a consecutive five years. Total imports from Russia are estimated to exceed \$1 billion for 2005, up by 30 percent over previous year. Imports from North Korea, the second supplier for past three years, however, plummeted by an estimated 61 percent in 2005 over the year before, and no specific reason was given by the industry.

Imports from the United States surged in the first ten months of 2005 reached \$310 million, and are expected to reach \$370 million for the whole year, up by more than 50 percent as compared to 2004. This made the United States the second largest supplier. Main categories are composed of Plaice (about \$110 million), Cod (about \$65 million). Salmon imports are estimated to surge to about \$51 million, from about \$16 million for 2004. (Please note this is much lower than the U.S. Bureau of the Census Trade Data indicating the import value hit \$66 million as of the end of October 2005, possibly some salmon is declared as "other fish" by importers). Increased salmon imports are chiefly driven by strong demands domestically. Industry insiders believe China will become one of the largest Salmon market in the near future. Despite improved cool and cold storage in hypermarkets in large cities, the cold chain, however, needs to be advanced to shorten the delivery time before the product to

reach end-users. China's demands for other high quality and natural seafood are also expected to grow steadily, along with the growth of income and health awareness.

The major import ports remain unchanged. Qingdao and Dalian continued to be the two largest arrival ports of aquatic products, accounting for 85 percent of the total imports. The well-established facilities including processing factories will likely to maintain the two cities the largest seafood import hubs in China in the foreseeable future.

Fish meal imports estimated to hit record of 1.55 MMT in 2005

Fish meal consumption continued to rise in 2005 to reach about 1.75 MMT, up by about 200,000 MT as compared to 2004. A very dynamic feed industry driven by livestock sector resulted in increased use of fish meal. More imports are the only solution as domestic production further dropped to about 310,000 MT. Industry insiders estimated total imports are to hit new record of 1.55 MMT in 2005, and said swine took much of the increased imports, as farmers prefer feeding better ration to piglets to improve growth. Peru remains the largest supplier. China's yearly fish meal imports is unlikely to be less than 1 MMT in future due to its huge scale of animal and aquaculture industry, though price and availability of fish meal may affect imports.

Exports

China's export of aquatic products for 2005 grew by an estimated of 14 percent to hit \$8 billion, continuing to be the largest category in all-agricultural exports for the sixth year. According to China Customs Statistics, as of the end of October 2005, three major categories, namely Fish/Fillet (HS Code 0304), Prepared or Packaged Crustaceans and Mollusks (HS Code 1605), and Prepared or Packaged Fish and Caviar (HS Code 1604), continue to dominate, accounting for 71 percent of the total export value.

The value of Fish/Fillet exports from January to October 2005 reached \$1.5 billion, surged by 32 percent, as compared to the same period of 2004. This reflects a booming "Processing Trade" and increased exports of other cultured species, such as Tilapia and Catfish. The increased export of Prepared or Packaged Fish and Caviar is mainly a result of increased eel exports to Japan.

Despite a strong growth of export of Prepared or Packaged Crustaceans and Mollusks, which surged by 34 percent for the first ten months of 2005 over the same period of 2004, the export of shrimps and prawns is estimated to be flat or even smaller than 2004. Except a sharp drop to the United States due to the United States' anti-dumping ruling in late 2004, export to other major destinations, including Japan, Southeast Asia and Mexico shrunk as well. Industry sources explained this in part is a result of the US anti-dumping ruling, making competition fiercer among the large shrimps and prawns exporters. Export to other destinations mainly Europe Union, however, picked up, offsetting some of the lost market. This is because EU lifted the two years' ban on importation of China's aquatic products in July 2004. Industry sources showed that in 2004 Guangdong ranked the first, accounting 52 percent of the export value of shrimps and prawns, and foreign invested and private enterprises took more than 90 percent of the export value. Mollusks export under "Processing Trade" also increased.

Japan remained the largest export destination, distantly followed by the United States and Korea/South in 2004. This trend continued in the first ten months of 2005. Export destinations, however, became more diversified since 2004. As of the end of October 2005, export value to eleven countries/regions amounted to \$100 million.

Export growth faces new challenges. Food safety remains a hurdle in aquatic product export. In mid-2005, media reported a chemical-Malachite was used in aquatic production for

sterilization. China's eel products and canned fish were detected to contain the poisonous Malachite, resulted in recall of some roasted eel shipments and fall of exports to Hong Kong. Industry insiders explained that although MOA banned Malachite in aquaculture industry since 2002, it remains an arduous task to monitor and inspect the thousands of small farmers. China's industry sources complained about the impact of 2004 US anti-dumping ruling on China's shrimps and prawns production. They claimed that the price advantage is the result of low labor cost and high productivity.

Policy

Production Policy

China's fishery production policy remains unchanged in general. As the 10th Five-Year (2001-2005) plan comes to an end, it appears the industry in general met its development objectives. The 11th Five-Year (2006-2010) plan is not yet available. Industry sources reported that more attention will be paid to sustainable development and rational utilization of the resources, and further advance the whole industry. The large aquatic producing provinces will focus more on its advantageous products. For example, Guangdong has an ambitious plan to take more share of world Tilapia market.

Aquaculture area growth is expected to slow down. China aquaculture area continued expanding in past four years. As compared to 2001, total area in 2004 grew by 10.5 percent, or net increase of 632,492 hectares, especially the seawater area. MOA encouraged reclamation of more aquaculture area by farmers as a means to absorb abundant labor and increase rural income. The continued area growth, however, also resulted in water pollution and loss of arable land. Thus the policy priority will focus on how to raise the production efficiency.

The "Processing Trade" of aquatic products will continue. China's government viewed it as an advantageous industry due to its low labor cost, and benefited from jobs created and leftovers utilized as feed ingredient. China's industry and official sources both claimed that China is likely to become the world's processing center for Cod, Mackerel and herrings. Industry sources showed the number of enterprises involved in "Processing Trade" is on the rise, especially in the large fishery provinces, Shandong and Liaoning.

The "Zero Growth" policy for domestic aquatic catch is to be maintained but overseas catch encouraged. The 2-month summer fishing moratorium in China's seawater continued in 2005, and the three-month spring fishing ban in the Yangtze River entered its fourth year. MOA reported that scrapping of fishing vessels in 2004 exceeded 8000, and more than 40,000 fish men transferred to other industry.

MOA said government's financial support to the fishery sector remained stable at about \$152 million for 2004, mainly invested in capacity building for enforcing the relevant laws and regulations, construction of port facilities and the re-employment resulted from scrapping of vessels.

Trade Related Issues

As China's government policy favors "Processing Trade" of aquatic products, imports under "Processing Trade" will still enjoy free tariff and Value Added Tax (VAT), the processed products, however, must be re-exported. Imports destined to China are subject to Tariff and VAT (CH5089).

Trade with ASEAN countries are expected to increase in 2006 because of the "zero tariff" to be applied on agricultural products effective on January 01, 2006. Based on the "Framework

The agreement on Comprehensive Economic Cooperation between China and the Association of South East Asian Nations", China and ASEAN reduced their tariff rate to an averaged 8.1 percent on July 20, 2005. The tariff will be eliminated completely for agricultural products including aquatic products on January 01, 2006.

In June 2005, China signed the first algae export contract with Japan, after more than one year of "trade barrier investigation" on Japan's algae import quota regime, implying that Japan's market is open to China's algae products.

The eight "National Standards" for hygiene of aquatic products took effect on October 01, 2005. These are designed to regulate the quality of domestic and imported aquatic products, and were initially published by China's Ministry of Health in late 2002 (CH3019), and notified to World Trade Organization (WTO) (CH4015). FAS/Beijing is currently studying the eight Standards. Trade impact, however, is yet to be assessed though no immediate complaint filed by the traders. The eight Standards are:

- GB 2733 Hygiene Standard for Fresh and Frozen Marine Products
- GB 10132 Hygiene Standard for Minced Aquatic Products
- GB 10133 Hygiene Standard for Aquatic Products as a Flavoring
- GB 10136 Hygiene Standard for Salt and Liquor Saturated Aquatic Products
- GB 10128 Hygiene Standard for Salted Fish products
- GB 10144 Hygiene Standard for Dried Aquatic Products
- GB 19643 Hygiene Standard for Marine Algae and Algae Products

Marketing

Trade Shows and Expositions

China's Tenth Fisheries and Seafood Expo along with the Aquaculture China Expo was held on November 10-12, 2005 in Guangzhou, China. The Expo, in addition to providing a showcase for domestic and overseas exhibitors, there was an American Pavilion showcasing more than twenty U.S. seafood manufacturers, suppliers, and trading companies. The scale of the Expo was reportedly expanded; with 4600 entities representing 45 countries participated. Interested participants should request placement in the U.S. pavilion and work with show organizers or the USDA Agricultural Trade Offices.

There are additional fisheries and aquatic product trade shows and events throughout the year in China sponsored by the Chinese government or independent organizers of trade shows/events.

USDA Agricultural Trade Offices

For additional information regarding marketing of U.S. aquatic products in northern, central, or southern China contact a USDA Agricultural Trade Office. USDA Agricultural Trade Offices can provide a variety of assistance and information to exporters of U.S. high-value and consumer aquatic and fishery related goods. There are also Foreign Commercial Service offices in China that may be of assistance.

USDA ATO Beijing	USDA ATO Guangzhou	USDA ATO Shanghai
Attn: Mr. LaVerne Brabant	Attn: Mr. Keith Schneller	Attn: Mr. Ross Kremer
Tel: 86-10-8529-6418	Tel: 86-20-8667-7553	Tel: 86-21-6279-8622
Fax: 86-10-8529-6692	Fax: 86-20-8666-0703	Fax: 86-21-6279-8336
Email: ATOBeijing@usda.gov	Email: ATOGuangzhou@usda.gov	Email: ATOShanghai@usda.gov

Trade Tables

Calendar Year Trade of Certain Aquatic Products (Volume: MT; Value: \$ Million)

Imports by Category

HS Code		Jan-Dec/2003		Jan-Dec/2004		Jan-Oct/2005 *	
		Volume	Value	Volume	Value	Volume	Value
	Total	1,442,017	1,872	1,743,996	2,351	1,594,978	2,375
0302	Fish, Fresh	15,357	43	44,916	82	17,911	42
0303	Fish, Frozen	1,077,870	1,195	1,306,202	1,517	1,266,691	1,772
0304	Fish, Fillet	18,815	29	25,765	46	17,256	33
0305	Fish, Dried, Salted, Brined	13,538	37	9,158	40	6,573	27
0306	Crustaceans	101,802	288	95,870	312	78,077	245
0307	Mollusks & Other	205,559	262	253,644	332	197,961	234
1604	Prepared and Packaged Fish and Caviar	1,644	3	2,436	5	2,394	6
1605	Prepared and Packaged Crustaceans and Mollusks	7,431	16	6,005	18	8,115	15

Exports by Category

HS Code		Jan-Dec/2003		Jan-Dec/2004		Jan-Oct/2005 *	
		Volume	Value	Volume	Value	Volume	Value
	Total	1,917,856	5,039	2,215,293	6,402	1,867,576	5,636
0302	Fish, Fresh	78,014	185	103,917	221	61,422	143
0303	Fish, Frozen	411,648	454	429,915	580	329,973	443
0304	Fish, Fillet	502,158	1,163	602,820	1,472	570,662	1,521
0305	Fish, Dried, Salted, Brined	34,953	156	41,168	185	41,403	178
0306	Crustaceans	156,735	615	170,417	687	98,519	378
0307	Mollusks and Other	295,634	543	309,110	664	204,010	478
1604	Prepared or Packaged Fish and Caviar	218,322	823	266,712	1,190	273,020	1,093
1605	Prepared or Packaged Crustaceans and Mollusks	220,393	1,101	291,234	1,402	288,567	1,402

Note: 2005 data is up to October 2005; Source: China Customs

Aquatic Products Trade by Country (in \$ million)**Imports by Country of Origins**

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct * 2005
Total	1,325	1,557	1,872	2,351	2,375
Russia	488	622	663	781	930
Korea, North	48	143	207	261	86
United States	100	106	133	245	311
Canada	64	79	105	137	134
Norway	64	63	92	130	98
Japan	106	100	119	110	105
Korea, South	45	39	49	79	96
New Zealand	27	38	38	57	56
Netherlands	25	10	24	52	54
India	78	50	47	48	37
Thailand	27	24	28	41	48
Indonesia	24	18	25	35	37
Other	229	264	342	376	385

Exports by Country of Destinations

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct * 2005
Total	3,853	4,335	5,039	6,330	5,636
Japan	1,903	2,134	2,051	2,609	2,118
United States	554	797	989	946	944
Korea, South	560	611	665	864	699
Hong Kong	151	195	316	362	273
Germany	135	124	185	231	222
Mexico	4	9	37	140	104
Canada	52	64	83	120	122
United Kingdom	60	37	96	106	106
Malaysia	17	23	47	99	100
Indonesia	3	7	19	99	26
Spain	88	14	41	94	146
Russia	30	39	54	73	100
Others	298	280	458	587	677

Note: 2005 data is up to October 2005; Source: China Customs

China's Aquatic Products Trade by Ports (in \$ million)

Imports by Port of Entry

District	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	1,325	1,557	1,872	2,351	2,375
Qingdao	723	855	1,040	1,267	1,484
Dalian	284	390	499	655	528
Shanghai	85	77	95	113	104
Shenzhen	31	37	53	51	36
Hangzhou	7	13	17	40	22
Changchun	4	12	12	35	34
Tianjin	34	31	34	33	28
Ningbo	35	34	18	28	20
Jiangmen	19	23	21	22	12
Fuzhou	19	13	13	21	17
Xiamen	6	6	7	13	15
Beijing	6	7	7	13	22
Other	71	57	56	60	54

Exports by Port of Exit

District	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005 *
Total	3,853	4,335	5,039	6,330	5,636
Qingdao	1,388	1,480	1,797	2,145	2,181
Dalian	538	676	780	942	798
Ningbo	447	469	555	707	591
Xiamen	188	204	200	465	426
Fuzhou	317	318	302	437	329
Zhanjiang	50	100	221	282	200
Shanghai	244	202	215	260	258
Shantou	200	246	167	228	143
Shenzhen	70	194	289	192	135
Guangzhou	101	99	108	160	118
Haikou	47	66	69	96	92
Jiangmen	33	29	78	89	65
Other	228	252	259	326	298

Note: 2005 data is up to October 2005; Source: China Customs

Imports of Fish, Frozen by Country of Origins (in \$ million)

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	853	1,004	1,195	1,517	1,772
Russia	469	604	644	753	903
United States	53	71	106	201	270
Norway	57	57	81	109	81
Japan	60	68	92	80	79
Netherlands	25	10	23	52	53
New Zealand	22	27	29	39	32
Canada	5	8	15	33	38
Korea, South	12	10	16	28	47
Iceland	15	11	18	23	37
India	48	31	18	22	21
Thailand	7	7	7	20	28
United Kingdom	6	7	15	15	23
Other	72	93	131	142	162

Imports of Fish, Frozen by Port of Entry (in \$ million)

	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	853	1,004	1,195	1,517	1,772
Qingdao	567	688	842	1,010	1,225
Dalian	154	186	231	350	397
Shanghai	35	36	29	37	33
Tianjin	24	22	19	23	14
Hangzhou	1	8	8	19	13
Shenzhen	16	20	22	17	22
Changchun	2	5	5	10	17
Ningbo	11	4	3	8	7
Fuzhou	6	3	2	7	8
Jiangmen	1	6	5	7	5
Shijiazhuang	7	12	10	6	3
Haikou	2	4	3	5	4
Other	27	12	16	17	23

Note: 2005 data is up to October 2005; Source: China Customs

Imports of Crustaceans by Country of Origins (Volume: MT; Value: \$ million)

Country	Jan-Dec 2003		Jan-Dec 2004		Jan-Oct 2005*	
	Volume	Value	Volume	Value	Volume	Value
Total	101,802	288	95,870	312	78,077	245
Canada	37,862	74	38,076	85	33,259	83
Korea, North	11,975	79	11,743	74	3,825	15
India	5,735	20	4,647	17	2,919	12
Greenland	10,864	20	7,602	15	7,302	15
Indonesia	2,450	8	3,682	15	2,698	10
Japan	2,365	10	3,072	14	3,312	13
Russia	2,497	9	3,532	14	4,534	16
United States	2,333	9	2,958	12	2,397	10
Thailand	4,797	12	4,553	11	3,710	11
Australia	2,899	10	2,082	11	2,258	14
Other	18,025	39	13,923	44	11,862	45

Imports of Mollusks and Other by Country of Origins (Volume: MT; Value: \$ million)

Country	Jan-Dec 2003		Jan-Dec 2004		Jan-Oct/2005*	
	Volume	Value	Volume	Value	Volume	Value
Total	205,559	262	253,644	332	197,961	234
Korea, North	60,896	103	71,833	128	50,092	47
Korea, South	19,897	28	26,882	45	22,282	42
Peru	15,402	10	41,205	31	25,169	20
United States	14,252	11	17,477	15	21,831	21
New Zealand	6,732	6	15,667	14	22,524	21
Japan	8,941	11	9,003	11	3,988	9
Canada	992	5	2,159	8	1,635	6
Russia	3,539	6	4,223	7	2,840	8
Other	74,909	82	65,195	73	47,600	60

Note: 2005 data up to October; Source: China Customs

Exports of Fish, Frozen by Country of Destinations (in \$ million)

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	530	485	454	508	443
Korea, South	298	263	228	250	228
Japan	157	149	113	117	85
United States	18	29	45	42	39
Taiwan	12	10	8	18	14
Malaysia	4	5	10	17	10
Philippines	2	4	4	13	11
Indonesia	1	3	2	8	7
Mexico	1	2	4	8	5
Hong Kong	10	7	10	5	3
Spain	2	0	4	5	8
Singapore	3	3	3	4	5
France	2	0	2	3	3
Other	19	10	21	19	25

Exports of Fish, Frozen by Port of Exit (in \$ million)

District	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	530	485	454	508	443
Qingdao	187	137	136	130	115
Ningbo	109	119	108	128	128
Xiamen	31	35	29	47	36
Dalian	55	44	34	32	35
Tianjin	23	37	35	29	15
Shanghai	38	24	18	28	23
Haikou	20	20	21	28	23
Fuzhou	13	14	16	19	14
Guangzhou	4	5	13	19	16
Shenzhen	12	20	17	18	14
Zhanjiang	13	9	8	9	7
Hangzhou	8	11	7	6	5
Shantou	2	3	3	5	4
Other	15	8	9	9	8

Note: 2005 data is up to October 2005; Source: China Customs

Exports of Fish Fillet by Country of Destinations (in \$ million)

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	789	929	1,163	1,472	1,521
United States	190	279	330	430	477
Japan	230	279	293	370	347
Germany	127	123	175	224	213
United Kingdom	55	36	94	98	91
Canada	27	40	58	61	70
Netherlands	15	9	22	46	58
Korea, South	30	32	40	44	30
France	30	15	27	33	33
Poland	27	28	34	31	41
Mexico	2	6	10	22	17
Spain	7	4	12	19	19
Belgium	10	6	14	16	21
Other	39	71	54	79	103

Exports of Fish, Fillet by Port of Exit (in \$ million)

District	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	789	929	1,163	1,472	1,521
Qingdao	535	619	789	967	994
Dalian	135	169	213	278	313
Ningbo	36	38	40	53	45
Zhanjiang	7	17	28	36	38
Haikou	9	13	18	27	32
Guangzhou	3	6	10	26	29
Shenzhen	9	10	19	22	20
Shanghai	12	13	7	12	9
Fuzhou	8	7	8	12	7
Gongbei	5	7	7	10	6
Other	30	29	26	30	29

Note: 2005 data is up to October 2005; Source: China Customs

Exports of Shrimps and Prawns by Country of Destinations (in \$ million)

Country	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	455	610	881	1,037	782
Japan	134	169	181	225	186
United States	175	300	384	189	98
Hong Kong	15	41	102	133	100
Mexico	0	0	19	107	77
Indonesia	0	2	14	88	4
Korea, South	36	37	43	70	53
Malaysia	1	3	20	47	52
Singapore	0	3	6	34	18
Australia	1	4	30	32	16
Canada	4	6	8	30	18
Cambodia	0	0	0	20	3
Vietnam	0	12	36	16	15
Other	89	32	38	47	141

Exports of Shrimps and Prawns by Port of Exit (in \$ million)

District	Jan-Dec 2001	Jan-Dec 2002	Jan-Dec 2003	Jan-Dec 2004	Jan-Oct 2005*
Total	455	610	881	1,037	782
Zhanjiang	25	72	181	229	145
Ningbo	153	106	137	159	117
Shantou	94	134	83	103	49
Xiamen	1	4	9	100	105
Fuzhou	5	17	73	98	58
Qingdao	68	61	63	74	70
Shanghai	31	23	33	62	70
Jiangmen	0	3	52	59	49
Shenzhen	6	94	149	44	25
Dalian	27	45	47	38	28
Haikou	12	22	20	25	27
Gongbei	4	4	9	10	5
Other	27	25	25	35	34

Note: 2005 data is up to October 2005; Source: China Customs

